

AGENCY ESTIMATE  
OF THE FISCAL IMPACT OF IMPLEMENTING  
**SB 238 2011 General Session**  
**Bill Title**

**Sponsor:** Sen. David P. Hinkins  
**Agency Contact:** Jenefer Youngfield  
**Agency** Utah State Office of Education

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**A. Short Form** (For bills that have no impact on the state, local governments, businesses, or individuals.)

If you can check all five boxes to the right, you're almost done. If the bill obviously doesn't have an impact, you're done.

- |                                     |   |
|-------------------------------------|---|
| <input type="checkbox"/>            | State agencies will not require an appropriation to implement the bill. |
| <input type="checkbox"/>            | There is no fiscal impact on local governments.                         |
| <input type="checkbox"/>            | There is no fiscal impact on businesses                                 |
| <input checked="" type="checkbox"/> | There is no fiscal impact on individuals.                               |
| <input checked="" type="checkbox"/> | The bill will not affect revenues.                                      |

If it isn't so obvious, explain what's going on. The most usual explanation is the codification of existing practices.

Attachments welcome.

If necessary, explain why this bill has no fiscal impact.

**B. What parts of the bill cause fiscal impact?**

Cite specific sections or line numbers.

Lines 95 thru 102 require the chief public officer of a public employer to prepare an annual certification, and certify if the government entity was compliant; the certification shall be provided to the public upon request.

**C. Which program gets the appropriation?**

Enter 3 letter Appropriation Unit Code.

**PAD**

**For multiple appropriations**

This is  of

**D. Work Notes: Assumptions, calculations & what are we buying?**

Explain the fiscal impact in plain English, detailing your assumptions, methods, & calculations.

List all direct costs. Identify one-time and ongoing costs. Detail FTE impacts.

Do not say, "\$50,000 in Current Expense." Be very specific about what this \$50,000 will buy.

Attachments encouraged.

SB 238 will require an ongoing State Appropriation to the Uniform School Fund of \$62,621 to cover the costs of compliance by State Education Agencies (SEA) and Local Education Agencies (LEAs), arising from the requirement for certification of compliance and inclusion of the certification of compliance in the external audit of an SEA or LEA. Such certification of compliance and inclusion in the Financial Audit Report will likely cause a slight increase in the cost of each external audit for each SEA and LEA. See the attached Assumptions & Projections worksheet calculating the costs for compliance with SB 238. The items in **Black** on the worksheet can be changed by the Legislative Fiscal Analyst's Office based on desired changes in assumptions. The items in **Blue** are the formulas that calculate the costs based on the assumptions that are put in the Black lines. Please call if additional information is required to understand or make changes to the Assumptions & Projections worksheet.

## E. REVENUES

| Select Fund  | Current Budget Year<br>FY 2011 | Coming Budget Year<br>FY 2012 | Future Budget Year<br>FY 2013 |
|--------------|--------------------------------|-------------------------------|-------------------------------|
|              |                                |                               |                               |
|              |                                |                               |                               |
|              |                                |                               |                               |
|              |                                |                               |                               |
| <b>Total</b> | <b>0</b>                       | <b>0</b>                      | <b>0</b>                      |

## F. COSTS by FUND

| Select Fund         | Current Budget Year<br>FY 2011 | Coming Budget Year<br>FY 2012 | Future Budget Year<br>FY 2013 |
|---------------------|--------------------------------|-------------------------------|-------------------------------|
| Uniform School Fund |                                | 62,621                        | 62,621                        |
|                     |                                |                               |                               |
|                     |                                |                               |                               |
|                     |                                |                               |                               |
| <b>Total</b>        | <b>0</b>                       | <b>62,621</b>                 | <b>62,621</b>                 |

## G. COSTS by EXPENDITURE CATEGORY.

| Expenses by Category | Current Budget Year<br>FY 2011 | Coming Budget Year<br>FY 2012 | Future Budget Year<br>FY 2013 |
|----------------------|--------------------------------|-------------------------------|-------------------------------|
| Personal Services    |                                | 40,221                        | 40,221                        |
| Travel               |                                |                               |                               |
| Current Expense      |                                | 22,400                        | 22,400                        |
| DP Current Expense   |                                |                               |                               |
| DP Capital Outlay    |                                |                               |                               |
| Capital Outlay       |                                |                               |                               |
| Other/Pass Thru      |                                |                               |                               |
| <b>Total</b>         | <b>0</b>                       | <b>62,621</b>                 | <b>62,621</b>                 |

## H. Non-State Impacts

Your estimate of how will the bill affect:

### Local Governments

LEAs will be required to certify compliance with SB 238 and include such certification in their Financial Audit Report. LEAs will be required to develop programs to track compliance of contractors.

### Businesses

Businesses that seek to become contractors of SEAs or LEAs will be required to comply with SB 238 realizing a small incremental increase in administration of employee hiring. Auditor may realize increase revenues from added audits.

### Individuals

Individuals that seek to become contractors of SEAs or LEAs will be required to comply with SB 238 realizing a small incremental increase in administration of employee hiring.

## SB 238 - Verification of Employment Status

| <b>Assumptions</b>  |           |               |
|---|-----------|---------------|
| State Education Agencies (USOE, EHS, USDB)                      |           | 3             |
| Number of School Districts                                      |           | 41            |
| Number of Charter Schools (private employers)                   |           | 80            |
| Estimated Total FTEs in Public Education in Utah                |           | 28,000        |
| Work hours per year   |           | 2,080         |
| Employee Turnover per year                                      |           | 5.00%         |
| Human Resource Specialist fully loaded annual cost              | \$        | 118,976       |
| HR Specialist hours to comply per New Hire or FTE               |           | 0.15          |
| Superintendent fully loaded annual cost                         | \$        | 168,670       |
| Superintendent Hours to comply                                  |           | 4.00          |
| Incremental additional external audit cost per audited New Hire | \$        | 12.50         |
| Percent of New Hire population to be audited                    |           | 35.0%         |
| Number of Schools across State of Utah                          |           | 1,085         |
| Estimated number of Contracts per school                        |           | 12.00         |
| Incremental additional external audit cost per audited Contract | \$        | 50.00         |
| Percent of Contracts to be audited                              |           | 2.50%         |
| Estimated total number of entities in Public Education          |           | 124           |
| Hourly Cost for HR Specialist                                   | \$        | 57.20         |
| Hourly Cost for Superintendent                                  | \$        | 81.09         |
| Cost per Superintendent to comply                               | \$        | 324           |
| Estimated number of Contracts across K-12 public education      |           | 13,020        |
| New Hires to be audited for compliance                          |           | 490           |
| Estimated number of Contracts to be audited for compliance      |           | 326           |
| <b>Projections</b>  |           |               |
| Superintendency oversight and certification                     | \$        | 40,221        |
| Additional external auditing of New Hires                       | \$        | 6,125         |
| Additional external auditing of Contractors                     | \$        | 16,275        |
| <b>Total State Wide Ongoing Costs</b>                           | <b>\$</b> | <b>62,621</b> |
|   |           |               |